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SUBJECT: BOSNIA: COVIC CASE GOES TO RETRIAL

REF: A) 06 SARAJEVO 2918 B) 05 SARAJEVO 632

Classified By: Political Counselor Michael J. Murphy for reasons 1.4 (B)
) and (D)

¶1. (C) Summary. A State Court appeals panel on September 26 invalidated on a technicality the corruption conviction of Dragan Covic, president of Bosnia,s Croatian Democratic Union (HDZ), and directed that the case be retried. In November 2006, Covic was convicted of abuse of office while serving as the Federation,s Finance Minister and sentenced to a five-year prison term. The State Prosecutor's Office tells us that the case against Covic remains strong, and the retrial could result in another conviction. However, the appellate ruling underscores the lingering systemic problems in a judiciary that is plagued by incompetence and corruption. The retrial will probably reach the court in six months but, in the meantime, Covic may face additional unrelated indictments. End Summary.

CASE BACKGROUND

¶2. (U) In November 2006, Dragan Covic, President of the Croatian Democratic Union of Bosnia and Herzegovina (HDZ-BiH), was found guilty by a State Court panel of a single charge of abuse of office while serving as the Federation,s Finance Minister (1998-2000). Prosecutors charged that Covic helped Jerko Ivankovic-Lijanovic, a sitting State House of Representative delegate and President of the People Working for Progress (RzB) party, and several codefendants to avoid paying import taxes and other levies. The Court handed Covic a five-year sentence)- out of a possible sentence of three to fifteen years)- but acquitted the other defendants. Covic immediately filed an appeal of the conviction and within days was released from prison on his own recognizance while the case was pending.

LATEST DEVELOPMENTS

¶3. (C) On September 26, a three-member appellate panel, composed of two Bosnian judges and one international secondee, issued a ruling that, due to a technicality, the Covic conviction was invalid and ordered a retrial. The panel was required to rule by simple majority. Although the positions of the individual judges are sealed, it is possible that the two Bosnian judges overruled the international. While we have not heard explicit allegations of corruption among the appellate panel members, our contacts in the

judiciary said they could not rule it out. The retrial is expected to take place in the next six months.

¶4. (C) The State Prosecutor's Office told us that the case against Covic remains strong, and the retrial could result in another conviction. Although the original Canadian prosecutor has since departed Bosnia, the case has been assigned to a French secondee who intends to pursue it vigorously. The State Prosecutor's Office is simultaneously preparing an additional, unrelated corruption indictment against Covic. The case involves allegations of embezzlement of Federation funds and also appears to implicate current Federation Prime Minister Nedžad Brankovic.

COMMENT

¶5. (C) The latest decision in the Covic case is likely to reinforce the public's skepticism over the prospect of political leaders being subject to the rule of law and the widespread assumption that an acquittal is a foregone conclusion. It also highlights the systemic weaknesses of the State Court's appellate panels, which overturn 95 percent of convictions in organized crime cases. The prominent role of international secondees in both the prosecution and original conviction demonstrates the continued need for a robust international presence in justice sector development in Bosnia, particularly in the Special Department for Organized Crime. End Comment.
CEFKIN